PRESS RELEASE
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RUSSIAN PRESIDENT VLADIMIR PUTIN HAS VISITED "ASTRA" JACK-UP RIG IN THE CASPIAN SEA

Today President of the Russian Federation Vladimir Putin has visited "Astra" jack-up rig that is used by LUKOIL to perform exploratory drilling in the North Caspian.

Up to date, 7 oil and gas bearing reservoirs have been found on the license area, exploratory drilling performed on 3 structures, 6 wells drilled. The preliminary data shows that the total volume of extractable reserves is estimated at 450 million tons of o.e. It is planned that by 2010 LUKOIL will produce up to 16 million tons of hydrocarbons here.

OAO LUKOIL is planning to hold a presentation of its North Caspian reserves in Houston (USA) this summer.

"Astra" jack-up rig was launched on May 6th, 1999 after its upgrade at the Astrakhan Shipyards "Krasnie Barrikadi". The jack-up rig is used to develop the North Caspian offshore and is built as a 3-pole platform with the mount height of 66 meters. It can be used to drill underwater with water depth up to 45 meters and well depth of 5000 meters.

In December 1997, LUKOIL won a tender to develop the "Severni" license area. The field has an overall area of 8000 km2. Based on LUKOIL estimates, development of the license area may bring up to $25 bn of revenues for the state.

LUKOIL has spent over $70 m to perform a large-scale geological and economic survey of the "Severni" field. For the first time in the course of the Caspian reserves development ice-resistant stationary platforms will be used.

Taking into consideration the unique nature of the region the Company makes a special focus on environmental issues. Modern zero-waste environmentally-safe techniques as well as special vessels able to operate in shallow waters are used to develop these fields. For emergency situations the Company has envisaged special oil collection equipment. The Company committed to provide financing for reproduction of valuable fish specimen. LUKOIL is also one of the founders of the Caspian Regional Environmental Center, the main purpose of which is to preserve ecological balance in the region.

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The total insurance coverage of "Astra" jack-up rig is $200 m.

LUKOIL's management believes that the Company's activities in the region is not only important in terms of economics, but fully complies with geopolitical interests of Russia.